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Unit 2 Questions: Case Study 1

1. Define the term 'labour turnover' [2 marks]

Labour turnover is the amount of employees that leave an organisation in a year as a fraction of the total employees of the organisation. It is frequently used to measure the general amount of job satisfaction the workforce has.

2. State how labour turnover is calculated [2 marks]

Labour turnover is calculated by dividing the number of employees who leave (per annum) by the number of employees in the business:

$$\text{Labour turnover rate} = \frac{\text{Number of employees leaving}}{\text{Number of employees in the business}} \times 100$$

3. Analyse two benefits to Tamdown of having a low labour turnover [6 marks]

An organisation having a low labour turnover is very beneficial for the functions of the business itself but also for its public image.

An advantage of a low labour turnover is decreased spending. Turnover usually means that the company has to spend time, money and energy for constant recruitment in order to keep the company able to perform its functions. A low turnover dissolves this issue, as people don't have to constantly be filling positions left by others. This is an advantageous cyclic process for Tandown Group, because spending less money on recruitment means it

can focus more on offering even better health standards and benefits for its employees, which will decrease its labour turnover even further. However, low turnover might also mean that the exchange of ideas can remain stagnant within the company and new perspectives might not be available for consideration.

In addition, a labour turnover can be very advantageous because of the fact that its public image strengthens. A company having a low turnover means that it is treating its employees very well. This can attract the attention of potential shareholders which would increase Tamdown's innovation and capital. In addition, strengthening the public image this way could result in more Employer of the Year awards, which Tamdown can use to its advantage to further market its employee benefits like the very generous financial remuneration it can offer. This will help acquire new recruits and strengthen the company's objectives and innovation. It is important to note however that a low turnover might result in missing out on new skills available in the industry, as job positions are held for longer and existing employees have to be trained for the new skills instead.

In conclusion, although it may have its disadvantages, a low employee turnover is certainly a very beneficial perk for a business to have under its belt as it increases attention from potential shareholders and also boosts internal morale.